

Message Text

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63

ACTION EB-11

INFO OCT-01 IO-14 FEA-02 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

AF-10 ARA-16 EA-11 EUR-25 NEA-14 ISO-00 DRC-01 /245 W
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R 051930Z JUL 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 6918

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: GATT, ETRD, EFIN

SUBJ: MTN: GROUP 3(A) - TARIFFS

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1. SUMMARY: MTN GROUP 3(A) ON TARIFFS, MEETING JULY 4-5 TO PREPARE GROUP'S REPORT TO TRADE NEGOTIATIONS COMMITTEE (TNC), FORMALLY AGREED TO MAIN ELEMENTS OF U.S. PROPOSALS ON TARIFF RATE FILE AND INCLUSION OF QUANTITY ON DATA IN TARIFF STUDY (TS) BASIC FILES. GROUP DID NOT, HOWEVER, AGREE AT THIS TIME TO THE ADDITION TO THE TS OF IMPORT DATA FOR YEARS SUBSEQUENT TO 1972 OR TO UPDATING OF RATES IN NEW TARIFF RATE FILE BEYOND JAN 1, 1972. GENERAL TONE OF MEETING WAS CAUTIOUS, WITH SEVERAL DELEGATIONS (ESPECIALLY CANADA AND AUSTRALIA) REITERATING THEIR POSITION THAT NONE OF THE ACTIONS TAKEN (E.G. ESTABLISHING TARIFF RATE FILE) SHOULD BE CONSIDERED INDICATIVE OF OR PREJUDICIAL TO ULTIMATE DECISION ON FUNDAMENTAL QUESTIONS OF BASE RATES/BASE DATES AND BASE YEARS, WHICH WERE LEFT UNRESOLVED.

2. U.S. PROPOSAL FOR TARIFF RATE FILE. CHAIRMAN OF GROUP (MATHUR) OPENED MEETING BY ASKING FOR FURTHER DISCUSSION ON TWO KEY ISSUES SECRETARIAT FELT NEEDED CLARIFICATION BEFORE UNDERTAKING PARA-BY-PARA CONSIDERATION OF DRAFT REPORT (SPEC(74)21), I.E. PROPOSALS FOR TARIFF RATE FILE (U.S.) AND INCLUSION OF SEPARATE COLUMN FOR TRADE UNDER REGIONAL ARRANGEMENTS IN SPECIAL GSP TABULATION (JAPAN). ON TARIFF RATE FILE, INITIAL DISCUSSION CENTERED ON REFERENCE DATES FOR WHICH TARIFFS TO BE REPORTED. COMPROMISE REACHED THAT COUNTRIES WOULD SUBMIT DATA FOR JAN 1, 1972 (JAPAN COULD SUBSTITUTE APRIL 1, 1972 IF IT DESIRES), JAN 1, 1973 AND JAN 1, 1974. EC MAY NOT SUBMIT HISTORICAL RATES (1972, 1973) SINCE JAN 1, 1974 IS ONLY MEANINGFUL DATE FOR TARIFF OF THE ENLARGED COMMUNITY. GROUP DID NOT AGREE TO U.S. PROPOSAL THAT FILE BE UPDATED AT REGULAR INTERVALS, BUT REPORT WILL STATE THAT THIS QUESTION WOULD BE REVERTED TO LATER. GROUP NEXT CONSIDERED WHAT DATA WOULD ACTUALLY APPEAR IN FILES. AGREEMENT REACHED THAT THE FILE WOULD CONTAIN THE THREE RATES PROPOSED BY THE UNITED STATES AND, IN ADDITION, THE GSP RATES. EXPLANATORY NOTE (EC PROPOSAL) DESCRIBING DIFFERENCES IN RATES SHOWN FOR EACH COUNTRY WILL ALSO BE SUBMITTED. IT WAS ALSO AGREED THAT COUNTRIES LIMITED OFFICIAL USE

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WOULD SUBMIT AD VALOREM EQUIVALENTS (A.V.E.'S) CALCULATED BY WHATEVER METHOD MOST FEASIBLE, RECOGNIZING THAT SOME COUNTRIES DO NOT HAVE TRADE DATA BROKEN DOWN BY DUTY TREATMENT. EACH COUNTRY WOULD PROVIDE AN EXPLANATION TO ACCOMPANY ITS TARIFF FILE OF THE METHOD(S) USED TO CALCULATE THE A.V.E.'S REPORT WILL REFLECT THAT NO CONSENSUS REACHED ON WHETHER IMPORT CHARGES (OTHER THAN TARIFFS AND SURCHARGES) AND A FLAG ON VARIABLE LEVIES

WILL BE INCLUDED IN TARIFF FILES, BUT QUESTION WOULD BE REVERTED TO LATER. OCT 1 WILL BE TARGET DATE FOR TARIFF FILE SUBMISSION, BUT NUMBER OF COUNTRIES NOT COMMITTED FULLY TO THIS DATE. SECRETARIAT WILL PREPARE AND FORWARD NOTE TO GROUP 3(E) INFORMING THEM OF 3(A) DECISIONS ON TARIFF RATE FILE TO COVER ALL PRODUCTS.

3. SEPARATE COLUMN FOR TRADE UNDER REGIONAL ARRANGEMENT IN GSP TABULATION (COMIND/W/111/PARA 6). EC OFFERED COMPROMISE THAT WAS ACCEPTED BY GROUP THAT "FIFTH COLUMN" IN TAB WOULD BE BROKEN INTO HEADINGS INDENTICAL TO THOSE USED IN 1971 TS WHILE BOOKS, I.E. MFN-ORIGIN, EC-EFTA, EFTA/NAFTA, ETC. EC PROPOSAL WAS ALSO ADOPTED THAT COLUMN IV SHOWING TRADE INCLUDED IN GSP BUT WITH LIMITATIONS BE SUBDIVIDED TO SHOW WHETHER LIMITATION IS TARIFF QUOTA OR "INDICATIVE CEILINGS."

4. INCLUSION OF QUANTITY DATA IN TARIFF STUDY BASIC FILES. REPORT WILL REFLECT ACCEPTANCE BY GROUP OF U.S. PROPOSAL, WITH CAVEAT THAT SOME COUNTRIES (EC AND CANADA) WILL GENERALLY BE REPORTING DATA IN OTHER THAN NORMAL TARIFF LINE ITEM FORM, I.E. AT 4-DIGIT BTN LEVEL FOR EC AND BY MCC CATEGORIES FOR CANADA.

5. UPDATING OF TARIFF AND TRADE DATA. ALTHOUGH A NUMBER OF DELEGATIONS SUPPORTED U.S. PROPOSAL THAT TS BASIC FILES BE UPDATED ANNUALLY FOR YEARS SUBSEQUENT TO 1972, GROUP DID NOT AGREE TO UPDATING AT THIS TIME.

6. BASE YEARS FOR COLLECTION OF STATISTICS. EMPHASIS OF REPORT WILL BE ON "EXTREME DIFFICULTY" OF SELECTING ONE OR MORE YEARS AS A REPRESENTATIVE PERIOD
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BECAUSE OF MONETARY FLUCTUATIONS, ETC., AND NEED FOR AVAILABILITY TO MTN PARTICIPANTS OF MOST RECENT DATA, AS WELL AS TIME SERIES.

7. UNIT OF ACCOUNT. ISSUE OF UNIT OF ACCOUNT WAS LEFT UNRESOLVED. NO ACTION OR DECISION WAS TAKEN THAT WOULD CHANGE CURRENT PRACTICE OF USING PREVAILING MARKET RATES OF THE U.S. DOLLAR AS REFERENCE AND CONVERSION UNIT. DALE

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